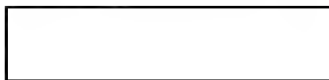


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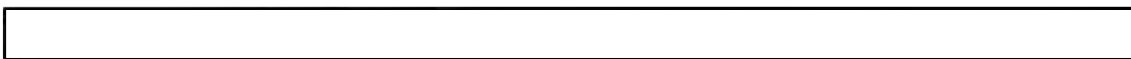
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*Vietnam: (Information as of 4:30 AM EST)

Political Developments in South Vietnam: The political situation was generally quiet during the weekend, although Buddhist leaders in Saigon served notice that they still expect early government action on their demands.

Buddhist leader Tam Chau, addressing a crowd of some 10,000 followers at the Buddhist Institute in Saigon on 19 March, claimed that Chief of State Thieu and Premier Ky had agreed to the desirability of implementing the four-point Buddhist program, including the establishment of a constituent assembly. In conversation with a US Embassy officer the same day, Thich Tri Quang, the primary Buddhist strategist, indicated that the Buddhists would insist on an elected assembly, rather than a body appointed by the military.

[General Chieu, one of the more moderate members of the military Directorate, has told the embassy that the situation is still dangerous. He believes that the government must proceed cautiously to avoid any incidents which the Buddhists, or the Communists, might exploit to inflame public passions. Chieu indicated that the military would not surrender to Buddhist demands, and would attempt to drive a wedge between Buddhist leaders Tam Chau and Tri Quang. He said that unity within the Directorate is essential to this course. Chieu observed that some generals, notably Premier Ky, were voicing a tough line toward the Buddhists.]

Military Situation in South Vietnam: Several sharp engagements in widely separated areas marked the military situation in South Vietnam over the weekend. On



19 March, Viet Cong troops in battalion strength over-ran the An Hoa outpost some 15 miles northwest of Quang Ngai city. A company of South Vietnamese defenders suffered 25 killed, 8 wounded, and 41 missing before the post was evacuated. A reaction force of US Marines and South Vietnamese is currently conducting a sweep in the area.

US forces killed approximately 40 guerrillas in separate operations in Quang Nam, Thua Thien, Phu Yen, and Pleiku provinces while sustaining light losses. Heavy fighting has been reported in Darlac Province between Civilian Irregular Defense Group (CIDG) forces and an estimated Viet Cong battalion. Preliminary reports put Viet Cong losses at 109 killed. CIDG casualties are 14 wounded (2 US).

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Indonesia: Further changes in the government's composition and policy may occur fairly soon.

Civilian leaders who are close to the army hope that a new and smaller cabinet can be formed within a week or two. The moderate complexion of the present interim government will be maintained, and the cabinet will be reduced from 100 ministers to about 25.

The army's civilian advisers claim that Indonesia will return to its earlier foreign policy of "positive neutrality." Although this will still emphasize anticolonialism and opposition to power blocs, the virulent anti-Western line pursued by Sukarno and Subandrio in recent years will be abandoned.

[The US ambassador believes that, contrary to earlier indications, the US may be asked for emergency economic assistance, probably for rice purchases, within a few weeks. American newsmen, officially expelled from Indonesia last January, are returning.]

The army has moved to end operations of the Central Intelligence Bureau (BPI) and to round up its personnel. The BPI had been headed by Foreign Minister Subandrio and, [redacted]

[redacted] was a source of strength to him. Indonesian diplomatic establishments have been ordered to oust BPI agents and to seal their offices. Yesterday domestic BPI employees were ordered to report to the nearest local army command by the end of the month.

[redacted]

Guatemala: Opponents of the Revolutionary Party (PR) are continuing to seek a formula to keep it from coming to power.



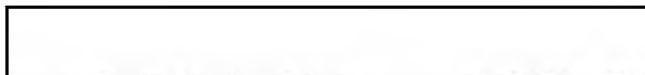
The problem of a peaceful transition to an elected government is aggravated by the length of the period before Congress can elect the president. Congress opens on 5 May.

Despite efforts of the PR and Peralta to calm and reassure those elements fearful of a PR government, extremists on both the left and the right may yet succeed in breaking the present fragile accommodation. Moreover, PR president-apparent Julio Cesar Mendez has so far refused to sign a memorandum of understanding between his party and the armed forces reportedly out of fear that it is a trap.

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The Secretary of State

The Under Secretary of State

The Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Political Affairs

The Counselor and Chairman of the Policy Planning Council

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U.S. Rep., Military Committee and Standing Group, NATO

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Commander in Chief, Pacific

Commander in Chief, Atlantic

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The Director, The Joint Staff

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The Director of Naval Intelligence, Department of Navy

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